

SPP-NTC-200186

SPP
Notification to Construct with Conditions

April 9, 2012

Mr. Paul Malone
Nebraska Public Power District
P.O. Box 608
York, NE 68467

RE: Notification to Construct Approved ITP10 Network Upgrades

Dear Mr. Malone,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachment O, Section VI, of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing Nebraska Public Power District ("NPPD"), as the Designated Transmission Owner ("DTO"), to construct the Network Upgrade(s). This NTC is Conditioned upon NPPD not ordering materials or beginning construction until:

(1) the DTO submits a refined project cost estimate (CPE) to SPP that has a variance bandwidth of -20% to +20% that does not exceed the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices; **or**

(2) the SPP Board of Directors considers SPP's re-evaluation of a project that has a refined project cost estimate (CPE) from the DTO that exceeds the Study Estimate variance bandwidth of -30% to +30% as provided for in SPP's Business Practices.

On January 31, 2012, the SPP Board of Directors approved the Network Upgrade(s) listed below to be constructed as part of the 2012 Integrated Transmission Planning 10-Year ("ITP10") Assessment.

New Network Upgrades

Project ID: 30374

Project Name: Multi - Hoskins - Neligh 345 kV

Need Date for Project: 3/1/2019

Estimated Cost for Project: \$96,702,400

SPP-NTC-200186

Network Upgrade ID: 50440

Network Upgrade Name: Hoskins - Neligh 345 kV Ckt 1

Network Upgrade Description: Build a new 50-mile 345 kV line from Hoskins to Neligh.

Network Upgrade Owner: NPPD

MOPC Representative: Paul Malone

TWG Representative: Randy Lindstrom

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: To address the overload of the Battle Creek to County Line 115 kV line for the outage of Albion - Petersburg 115 kV line. To address the overload in the Neligh area during contingencies in the Neligh area.

Estimated Cost for Network Upgrade (current day dollars): \$61,205,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: NPPD

Date of Estimated Cost: 12/14/2011

Network Upgrade ID: 50441

Network Upgrade Name: Neligh 345/115 kV Transformer Ckt 1

Network Upgrade Description: Construct new substation at Neligh. Install a new 345/115 kV transformer at Neligh.

Network Upgrade Owner: NPPD

MOPC Representative: Paul Malone

TWG Representative: Randy Lindstrom

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 474 MVA, but are not limited to that amount.

Network Upgrade Justification: To address the overload of the Battle Creek to County Line 115 kV line for the outage of Albion - Petersburg 115 kV line. To address the overload in the Neligh area during contingencies in the Neligh area.

Estimated Cost for Network Upgrade (current day dollars): \$35,497,400

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: NPPD

Date of Estimated Cost: 12/15/2011

Project ID: 30375

Project Name: Multi - Gentleman - Cherry - Holt 345 kV

Need Date for Project: 1/1/2018

Estimated Cost for Project: \$289,280,000

SPP-NTC-200186

Network Upgrade ID: 50442

Network Upgrade Name: Cherry Co - Gentleman 345 kV Ckt 1

Network Upgrade Description: Build new 76-mile 345 kV line from Gerald Gentleman Station substation to new Cherry County substation. This upgrade is contingent upon approval from Western Area Power Administration to tap the Grand Island - Fort Thompson 345 kV line.

Network Upgrade Owner: NPPD

MOPC Representative: Paul Malone

TWG Representative: Randy Lindstrom

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: Identified in ITP10 primarily as a renewable policy project.

Estimated Cost for Network Upgrade (current day dollars): \$92,660,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: NPPD

Date of Estimated Cost: 9/23/2011

Network Upgrade ID: 50443

Network Upgrade Name: Gentleman 345 kV Terminal Upgrades

Network Upgrade Description: Construct 345 kV terminal at Gerald Gentleman Station 345 kV substation to accommodate new 345 kV line from Gerald Gentleman Station to new Cherry County 345 kV substation. This upgrade is contingent upon approval from Western Area Power Administration to tap the Grand Island - Fort Thompson 345 kV line.

Network Upgrade Owner: NPPD

MOPC Representative: Paul Malone

TWG Representative: Randy Lindstrom

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: Identified in ITP10 primarily as a renewable policy project.

Estimated Cost for Network Upgrade (current day dollars): \$1,380,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: NPPD

Date of Estimated Cost: 9/23/2011

Network Upgrade ID: 50444

Network Upgrade Name: Cherry Co 345 kV

SPP-NTC-200186

Network Upgrade Description: Build new Cherry County 345 kV substation and install necessary terminal equipment. This upgrade is contingent upon approval from Western Area Power Administration to tap the Grand Island - Fort Thompson 345 kV line.

Network Upgrade Owner: NPPD

MOPC Representative: Paul Malone

TWG Representative: Randy Lindstrom

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: Identified in ITP10 primarily as a renewable policy project.

Estimated Cost for Network Upgrade (current day dollars): \$6,000,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: NPPD

Date of Estimated Cost: 9/23/2011

Network Upgrade ID: 50445

Network Upgrade Name: Cherry Co - Holt Co 345 kV Ckt 1

Network Upgrade Description: Build new 146-mile 345 kV line from new Cherry County substation to new Holt County substation. This upgrade is contingent upon approval from Western Area Power Administration to tap the Grand Island - Fort Thompson 345 kV line.

Network Upgrade Owner: NPPD

MOPC Representative: Paul Malone

TWG Representative: Randy Lindstrom

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: Identified in ITP10 primarily as a renewable policy project.

Estimated Cost for Network Upgrade (current day dollars): \$172,360,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: NPPD

Date of Estimated Cost: 9/23/2011

Network Upgrade ID: 50446

Network Upgrade Name: Holt County 345 kV

Network Upgrade Description: Construct new Holt County 345 kV substation tap on the Grand Island - Fort Thompson 345 kV line owned by Western Area Power Administration. Install necessary terminal equipment at new substation. This upgrade is contingent upon approval from Western Area Power Administration to tap the Grand

SPP-NTC-200186

Island - Fort Thompson 345 kV line.

Network Upgrade Owner: NPPD

MOPC Representative: Paul Malone

TWG Representative: Randy Lindstrom

Categorization: ITP10

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 1792 MVA, but are not limited to that amount.

Network Upgrade Justification: Identified in ITP10 primarily as a renewable policy project.

Estimated Cost for Network Upgrade (current day dollars): \$16,880,000

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: NPPD

Date of Estimated Cost: 9/23/2011

Commitment to Construct

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this NTC, pursuant to Attachment O, Section VI.6 of the SPP OATT, in addition to providing a construction schedule for the Network Upgrade(s). Failure to provide a sufficient written commitment to construct as required by Attachment O could result in the Network Upgrade(s) being assigned to another entity.

NTC-C Project Estimate (CPE)

Please provide SPP a NTC-C Project Estimate (CPE) by February 28, 2013, as described in SPP's Business Practices regarding Notification to Construct with Conditions. NPPD shall advise SPP of any inability to provide the CPE by February 28, 2013 as soon as the inability becomes apparent.

Removal of Conditions

Upon notice by SPP of removal of the conditions contained in this NTC, SPP will issue the DTO a new NTC and the following will be applicable:

Mitigation Plan

The Need Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required in the formulation and approval of any necessary mitigation plans for the Network Upgrade(s) included in the Network Upgrade(s) if the Need Date is not feasible. Additionally, if it is anticipated that the completion of any Network Upgrade will be delayed past the Need Date, SPP requires a mitigation plan be filed within 60 days of the determination of expected delays.

Notification of Commercial Operation

Please submit a notification of commercial operation for each listed Network Upgrade to SPP

SPP-NTC-200186

once the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

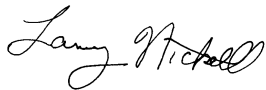
Notification of Progress

Please keep SPP advised of any inability on NPPD's part to complete the approved Network Upgrade(s). For project tracking purposes, SPP requires NPPD to submit status updates for the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, NPPD shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

Don't hesitate to contact me if you have questions or comments regarding these instructions. Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,



Lanny Nickell
Vice President, Engineering
Phone: (501) 614-3232 • Fax: (501) 821-3198 • lnickell@spp.org

cc: Carl Monroe - SPP
Katherine Prewitt - SPP
Randy Lindstrom - Nebraska Public Power District